

Financial Status Report

Prepared by the Finance Department

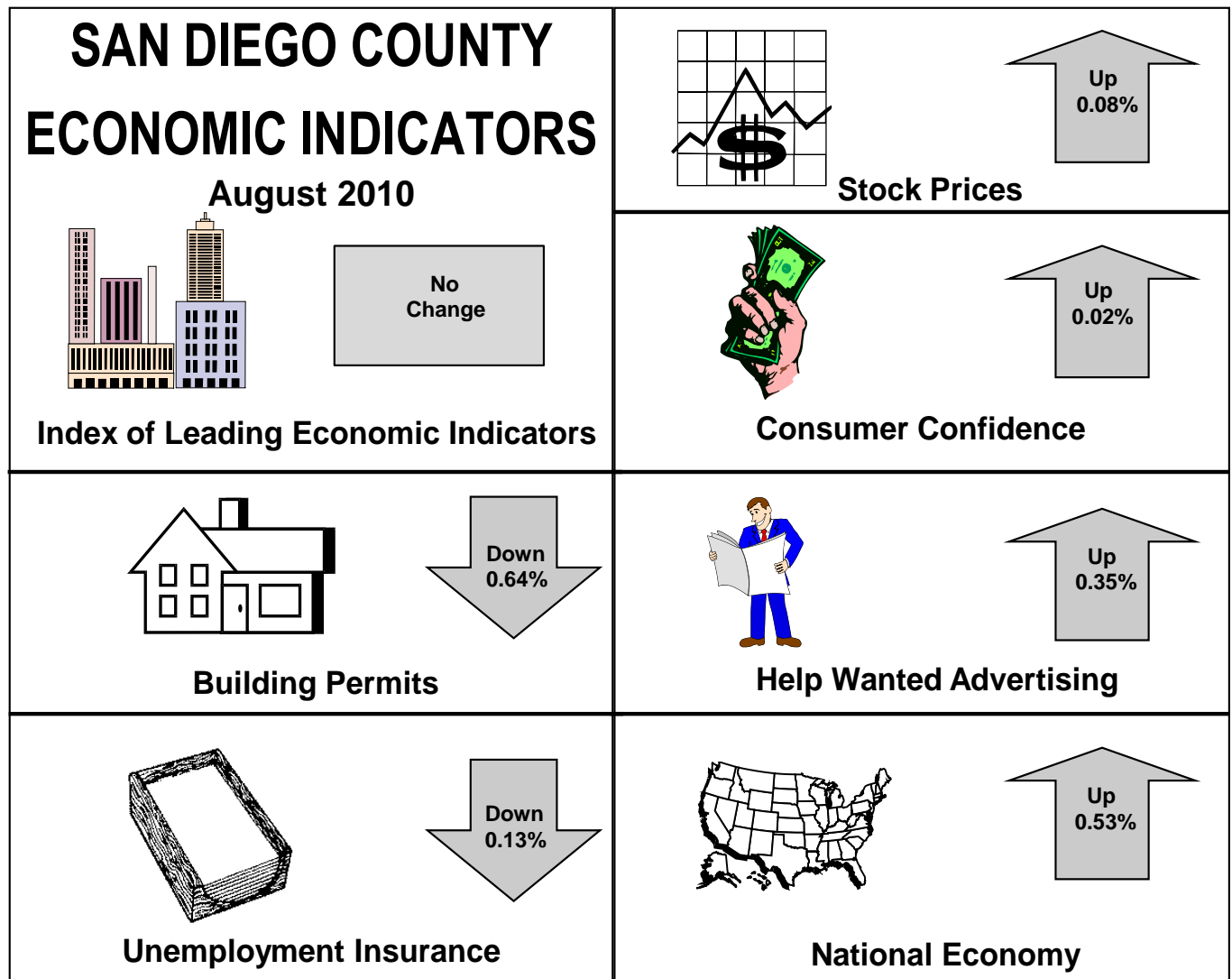


September 30, 2010

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through September 30, 2010. It compares revenues and expenditures for the first quarter of Fiscal Year 2010-11 and Fiscal Year 2009-10. In addition, the financial status of the Water and Wastewater Enterprises and the Village Project Area of the Redevelopment Agency are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Carlsbad's revenue trends appear to mirror the San Diego region in general. Therefore, on a monthly basis, this report will provide the most recent economic data for the area: The San Diego County Economic Indicators. We believe this information provides the reader with some insight on the direction of the local economy.

San Diego County Economic Indicators



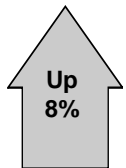
Source: University of San Diego School of Business Administration, *USD Index of Leading Economic Indicators*, September 29, 2010.

According to the USD Index of Leading Economic Indicators Report:

The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County was unchanged in August. Although there was no decline, the unchanged reading breaks a string of 16 consecutive increases in the USD Index. Four of the components were up: help wanted advertising and the outlook for the national economy registered medium-sized gains while local stock prices and consumer confidence were positive but virtually unchanged. Rounding out a month that saw no significant changes in either direction, building permits declined moderately while initial claims for unemployment insurance were slightly negative.

August's unchanged reading is the latest sign of continued choppiness in the local economy. The USD Index has still not turned negative, so there is no sign of an impending downturn. But growth in the local economy is likely to be uneven, with fits and starts along the way. Job growth continues to be weak and will likely remain so for a long time. While better than in previous months, the economy is down almost 10,000 jobs in August compared to the same time last year. Among the hardest hit sectors are manufacturing (down 2,900 jobs), leisure and hospitality (down 2,700 jobs), government (down 2,300 jobs), retailing (down 2,200 jobs), finance and real estate (down 2,200 jobs), and construction (down 1,500 jobs). The only sectors showing year-over-year gain are health care (up 2,600 jobs) and business and professional services (up 2,700 jobs). The latter category is important because it is largely due to big increases in temporary employment, which is often a precursor to full-time employment.

Residential units authorized by building permits turned negative in August after advancing for eight months in a row. Despite the downturn, permits are still more than 32 percent ahead of the pace of 2009. One indication of the difference in the two years is that 141 multi-family units were authorized in August this year versus only six in August of 2009. The labor market components remain mixed, although the rate of change slowed for both. Initial claims for unemployment insurance were negative for the fifth consecutive month, but the drop was the smallest of the five months. On the hiring side of the labor market, help wanted advertising rose for the tenth straight month, but the gain was less than in recent months. The net result was that the local unemployment rate fell to 10.6 percent in August from a rate of 10.9 percent in July. The trend in local consumer confidence has shifted to being virtually flat after recent gains. The raw value for consumer confidence actually fell sharply in August, but the USD Index uses a moving average to smooth out month-to-month fluctuations and capture the overall trend. Local stock prices are calculated using the average daily value for the entire month. That methodology yielded a gain for local stocks in August, even though stock prices fell by more than five percent from the beginning of the month to the end. The average daily value in August was higher than the average daily value in July. Despite concerns about a double dip recession, the national Index of Leading Economic Indicators has now been up in 15 of the last 17 months.¹

Top General Fund Revenues

Property Taxes (\$2.9 million) – The majority of property tax revenue is collected in December and April each fiscal year, therefore, the property taxes collected to date are not a good indicator of what the city will be receiving during the year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have decreased by 1.3% for Fiscal Year 2010-11. The assessed values in San Diego County have decreased 1.56%. This

is the second year that Carlsbad and the County of San Diego's assessed values have decreased from year to year. This reflects the continuing countywide slow down in property valuation and new construction, as well as an increase in foreclosures.

¹ University of San Diego School of Business Administration, *USD Index of Leading Economic Indicators Unchanged in August*, September 29, 2010.

The primary reasons that property taxes for the first quarter of the new fiscal year have increased by 8% as compared to the prior fiscal year are:

- Current taxes are up by \$75,000 or 10% due to timing differences.
- Aircraft taxes are up by \$151,000 due to timing differences.
- Supplemental taxes are flat as compared to the prior fiscal year.
- Delinquent taxes are flat as compared to the prior fiscal year.



Sales Taxes (\$4.5 million) – For the first three months of the new fiscal year, sales tax revenues are \$314,000 (or 8%) higher than the same time period in the previous fiscal year. Sales tax revenues to date represent the actual sales tax receipts for the second quarter of the calendar year, as well as the first advance of the city's third calendar quarter sales tax revenues. Advances are based on prior year activity adjusted by either a positive or negative growth factor, and are not a true indicator of the current economy. The primary factors in the increase over the prior fiscal year is the result of a 6.4% increase in sales tax revenues during the second calendar quarter of 2010 and the State Board of Equalization raising the monthly advance for the third calendar quarter of 2010 versus the same quarter last fiscal year by 1%.

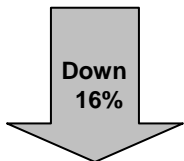
For sales occurring in the first calendar quarter of 2010 (the most recent data available), key gains could be seen in energy sales, service stations and chemical products. During the same period, key declines could be seen in miscellaneous vehicle sales, food processing equipment, electronic equipment and heavy industry. Excluding one-time payments received as the result of audit findings, payments for previous quarters, etc., actual sales tax transactions were down 6.3% for sales occurring in the 12 months ended March 31, 2010 over the same 12-month period last year.

The largest economic segments in the city continue to be new auto sales, restaurants, apparel stores, department stores and miscellaneous retail. Together, they generate 65% of the city's sales tax revenues.



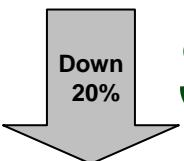
Transient Occupancy Tax (\$4.3 million) – Transient Occupancy Taxes (TOT) for the first three months of the fiscal year reflect an increase of \$184,000, 5% more than the previous year. Tourism was strong throughout the city, with occupancies in most hotels exceeding the prior year. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of August 2010.

Currently, there are 3,617 hotel rooms and 1,042 vacation rentals (timeshares) in the city. The average occupancy of hotel rooms over the most recent 12 months has been 57%, identical to last year's average.



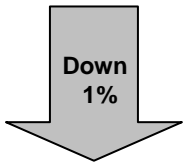
Business License Tax (\$815,000) – Business license revenues are down \$150,000 compared to Fiscal Year 2009-10. This decrease is due to a timing difference in the receipt of two of the city's larger annual license payments. These two larger companies paid the previous year's licenses in the month of September, but have not yet paid for their current licenses. In addition, one of the city's larger companies has moved its business out of state.

There are currently 8,805 licensed businesses operating within the city, 68 more than last year's 8,737. The majority of taxed businesses (6,202 businesses) are located in Carlsbad, with 2,636 of these businesses home-based.



Interdepartmental Charges (\$754,000) – Interdepartmental charges are \$193,000, or 20% lower than last year. These charges are generated through engineering services charged to capital projects (down 27% or \$73,000), reimbursed work from other funds (no change) and miscellaneous interdepartmental expenses charged to funds outside the General Fund for

services performed by departments within the General Fund (down 18% or \$120,000). During the previous fiscal year, the city went through a restructuring that moved several engineers and their associated costs to the city's enterprises (the Water and Wastewater Funds). This reduced the amount of engineering labor in the General Fund being charged to capital projects and the amount of miscellaneous interdepartmental expenses being charged to the enterprises.

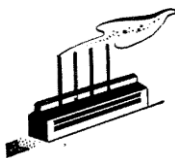
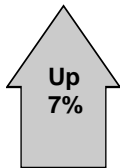


Recreation Fees (\$739,000) – Recreation fees are generated through instructional classes, camps, youth and adult sports, the triathlon, special events, parent participation preschool, senior programs, various aquatic programs, and lagoon permits. Year-to-date recreation fee revenue is \$4,000 lower than the previous fiscal year. The largest factors in this year's decrease are lower participation in youth sports, instructional classes, and recreational swim and aquatic programs. These decreases were partially offset by higher participation in aquatic lessons, the triathlon, and day camps.



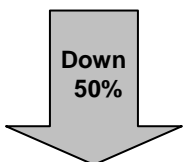
Ambulance Fees (\$699,000) – The city bills any individual who is transported in one of the city's ambulances. Through September 2010, receipts from ambulance fees are up 12% or \$76,000 higher than last fiscal year at this time. The number of billable transported patients in the first three months of Fiscal Year 2010-11 (1,174) versus Fiscal Year 2009-10 (1,116) has increased, coupled with a rate increase that went into

effect on August 1, 2009, have led to the higher revenues for the year.



Franchise Taxes (\$682,000) – Franchise taxes are generated from public utility sources such as San Diego Gas & Electric (SDG&E), trash collection franchises, fiber optic antenna systems and cable franchises conducting business within city limits. Year-to-date franchise taxes are up \$42,000 over the same period. The 11% decrease in trash collection fees was offset by a 14% increase in cable television franchise fees (Time Warner and AT&T).

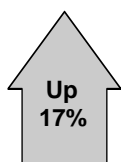
Approximately 44% of the total franchise fee revenue anticipated for the year will be collected from SDG&E during the month of April 2011.



Income from Investments and Property (\$641,000) – For the first three months of the fiscal year, income from investments and property is down \$633,000 compared to the previous fiscal year.

Interest income is down for the year due to the combination of a 2% decrease in the average daily cash balance combined with a 24% decrease in the average yield on the portfolio for the first three months of the fiscal year (a drop in the yield from 2.80% last fiscal year to 2.13% in the current fiscal year). In addition, during July 2009, the Village Project Area of the Redevelopment Agency paid back \$500,000 in interest on their advance from the General Fund. This did not occur in the current fiscal year.

Income from property rentals are up slightly compared to the previous fiscal year primarily due a small increase in cell site leases combined with an overall increase in rentals at the various park sites and the Senior Center.



Development-Related Revenues (\$545,000) – Development-related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect an increase for the year. During the second half of the previous fiscal year, the city began to see an increase in development (primarily residential), throughout the city. We are projecting that development-related revenues will continue to show small

growth from the previous fiscal year.

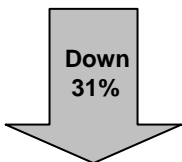
Development related fees are paid by developers to cover the cost of reviewing and monitoring development activities such as plan checks and inspections. One of the largest development related revenue sources thus far in the year is engineering plan check fees, which is one of the first fees paid during the initial stages of development. Some of the activity in September included residential development at the Poinsettia Property project, La Costa Oaks North and the Rhoades Subdivision.

Another source of development related revenue is building permits, which are up 12% as compared to last fiscal year. The increase in building permit revenue is derived from the combination of a decrease in the valuation of new construction and an increase in the number of residential and commercial/industrial building permits issued. The year-to-date valuation of new construction in the current fiscal year is just under \$35 million, while it was just under \$41.1 million in the previous fiscal year, a 17% decrease. For the first time since the mid 1990's, no homes, custom or otherwise, were permitted for construction during the month of September. For the first three months of the fiscal year, 36 residential permits were issued, as compared to 48 permits issued during the same period last year.

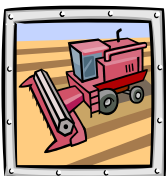
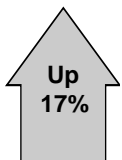
The city issued two permits in September for new reportable non-residential space totaling 55,393 square feet. In the northeast quadrant, 36,950 square feet of commercial space was permitted for the Joint First Responders Training Facility. In the southeast quadrant, 18,443 square feet of commercial space was permitted for the Saint Elizabeth Seton Catholic Church expansion. Year-to-date there has been a combined 293,426 square feet in commercial/industrial permits issued, as compared 11,093 square feet at this time in Fiscal Year 2009-10.



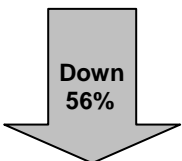
Other Intergovernmental Revenues (\$334,000) – Other intergovernmental revenues include miscellaneous receipts received from the state or federal governments, as well as local school districts. Included in the \$334,000 received this year are reimbursements from local school districts, a state homeland security grant, a federal enhancing security along the border grant, state library grants, a habitat restoration grant and law enforcement assistance. A major factor in this year's increase is the timing of the payments received from the school districts.



Fines and Forfeitures (\$208,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. A decrease in moving violation (1,248 citations in Fiscal Year 2010-11 versus 2,467 citations in Fiscal Year 2009-10) has led to the overall decrease in fines and forfeitures.



Other Licenses and Permits (\$187,000) – Other licenses and permits consist of plumbing, electrical, mechanical, right-of-way, grading, conditional land use, lagoon, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity.



Other Revenue Sources (\$182,000) – Other revenue sources have decreased by \$230,000 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, right-of-ways, and other city-owned property; donations; and refunds of prior year fees. This year's revenues reflect a decrease in developer funded studies, an increase in prior year refunds and a reduction in reimbursements received for the administration of developer deposits.

Expenditures

Total General Fund expenditures and encumbrances through the month of September 2010 are \$37.3 million, compared to \$38 million at the same time last year. This leaves \$79.3 million, or 68%, available through the fiscal year-end on June 30, 2011. If funds were spent in the same proportion as the previous year, the General Fund would have 67.6% available. Excluding the transfers out, contingencies, and non-departmental charges, the percentage available at September 30, 2010 is 72.4%, slightly more than the 71.5% available at September 30, 2009. There was only a small difference between the General Fund budget adopted for Fiscal Year 2010-11 and Fiscal Year 2009-10.

Currently, staff is calculating the department “savings” to be carried forward which will be added to the 2010-11 adopted budget in the near future.

The City Council has allocated \$500,000 out of the General Fund budget for unanticipated emergencies or unforeseen program needs. As of September 30, 2010, no funds have been authorized out of the contingency account.

Detailed schedules of General Fund revenues and expenditures are provided on the following pages.

GENERAL FUND REVENUE COMPARISON					
	EXPECTED BUDGET AS OF 09/30/10	ACTUAL FY 2010 AS OF 09/30/09	ACTUAL FY 2011 AS OF 09/30/10	CHANGE FROM YTD 2010 TO YTD 2011	PERCENT CHANGE
TAXES					
PROPERTY TAX	\$2,665,913	\$2,719,686	\$2,944,967	\$225,281	8%
SALES TAX	4,173,320	4,160,198	4,474,388	314,190	8%
TRANSIENT TAX	4,241,211	4,073,012	4,257,195	184,183	5%
FRANCHISE TAX	653,158	640,641	682,387	41,746	7%
BUSINESS LICENSE TAX	966,622	965,443	815,035	(150,408)	-16%
TRANSFER TAX	68,039	64,115	77,165	13,050	0%
TOTAL TAXES	12,768,263	12,623,095	13,251,137	628,042	5%
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	183,629	139,065	132,117	(6,948)	-5%
HOMEOWNERS EXEMPTIONS	0	0	18	18	100%
OTHER	106,232	117,962	334,091	216,129	183%
TOTAL INTERGOVERNMENTAL	289,861	257,027	466,226	209,199	81%
LICENSES AND PERMITS					
BUILDING PERMITS	119,861	133,206	149,156	15,950	12%
OTHER LICENSES & PERMITS	160,445	160,082	187,335	27,253	17%
TOTAL LICENSES & PERMITS	280,306	293,288	336,491	43,203	15%
CHARGES FOR SERVICES					
PLANNING FEES	149,758	134,837	61,521	(73,316)	-54%
BUILDING DEPARTMENT FEES	115,432	101,747	128,154	26,407	26%
ENGINEERING FEES	123,913	96,989	205,876	108,887	112%
AMBULANCE FEES	680,146	622,761	698,622	75,861	12%
RECREATION FEES	760,553	743,881	739,450	(4,431)	-1%
OTHER CHARGES OR FEES	236,786	466,897	120,877	(346,020)	-74%
TOTAL CHARGES FOR SERVICES	2,066,588	2,167,112	1,954,500	(212,612)	-10%
FINES AND FORFEITURES	321,524	301,794	208,276	(93,518)	-31%
INCOME FROM INVESTMENTS & PROPERTY	719,665	1,273,399	640,614	(632,785)	-50%
INTERDEPARTMENTAL CHARGES	661,411	947,448	754,302	(193,146)	-20%
OTHER REVENUE SOURCES	399,015	412,414	182,394	(230,020)	-56%
TRANSFERS IN	455	600,000	4,028	(595,972)	-100%
TOTAL GENERAL FUND	\$17,507,088	18,875,577	\$17,797,968	(\$1,077,609)	-6%
(1)					
(1) Calculated General Fund revenues are 1.7% above estimates as of September 30, 2010.					

**GENERAL FUND
EXPENDITURE STATUS BY DEPARTMENT**

DEPT DESCRIPTION	TOTAL BUDGET FY 2010-11	AS OF 09/30/10		
		AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE*
POLICY/LEADERSHIP GROUP				
CITY COUNCIL	\$376,931	\$73,838	\$303,093	80.4%
CITY MANAGER	1,667,863	421,760	1,246,103	74.7%
COMMUNICATIONS	881,966	389,740	492,226	55.8%
CITY CLERK	281,530	61,619	219,911	78.1%
CITY ATTORNEY	1,312,291	297,114	1,015,177	77.4%
CITY TREASURER	196,488	44,338	152,150	77.4%
RECORDS MANAGEMENT	793,377	164,304	629,073	79.3%
TOTAL POLICY/LEADERSHIP	5,510,446	1,452,713	4,057,733	73.6%
INTERNAL SERVICES				
FINANCE	3,730,673	1,053,966	2,676,707	71.7%
HUMAN RESOURCES	2,901,706	915,663	1,986,043	68.4%
PROPERTY AND ENVIRONMENTAL MANAGEMENT	5,529,494	2,048,198	3,481,296	63.0%
TOTAL INTERNAL SERVICES	12,161,873	4,017,827	8,144,046	67.0%
PUBLIC SAFETY				
POLICE	28,466,593	6,860,631	21,605,962	75.9%
FIRE	16,326,061	4,305,491	12,020,570	73.6%
TOTAL PUBLIC SAFETY	44,792,654	11,166,122	33,626,532	75.1%
COMMUNITY DEVELOPMENT				
COMMUNITY AND ECONOMIC DEVELOPMENT	9,755,340	3,560,347	6,194,993	63.5%
HOUSING AND NEIGHBORHOOD SERVICES	449,048	171,546	277,502	61.8%
TOTAL COMMUNITY DEVELOPMENT	10,204,388	3,731,893	6,472,495	63.4%
COMMUNITY SERVICES				
PARKS AND RECREATION	13,473,734	3,729,826	9,743,908	72.3%
LIBRARY AND ARTS	10,657,465	2,531,283	8,126,182	76.2%
TOTAL COMMUNITY SERVICES	24,131,199	6,261,109	17,870,090	74.1%
PUBLIC WORKS				
TRANSPORTATION	10,212,465	2,973,883	7,238,582	70.9%
UTILITIES	262,108	57,569	204,539	78.0%
TOTAL PUBLIC WORKS	10,474,573	3,031,452	7,443,121	71.1%
NON-DEPARTMENTAL & CONTINGENCY				
OTHER NON-DEPARTMENTAL (a)	1,182,763	236,527	946,236	80.0%
TRANSFERS OUT	7,635,850	7,428,850	207,000	2.7%
CONTINGENCY	500,000	0	500,000	100.0%
TOTAL NON-DEPT & CONTINGENCY	9,318,613	7,665,377	1,653,236	17.7%
TOTAL GENERAL FUND	\$116,593,746	\$37,326,493	\$79,267,253	68.0%

(a) Other non-departmental includes technology innovation, property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

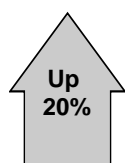
(b) Total committed includes expenditures and encumbrances.

* Amount available would be 67.6% if funds were spent in the same proportion as the previous year.

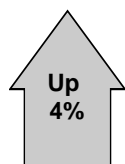
Water Enterprise

WATER OPERATIONS FUND SEPTEMBER 30, 2010					
	BUDGET FY 2010-11	YTD (*) 09/30/2009	YTD (*) 09/30/2010	CHANGE FROM YTD 2009-10 TO YTD 2010-11	PERCENT CHANGE
REVENUES:					
WATER DELIVERY	25,903,557	6,722,900	7,651,780	928,880	13.8%
MISC. SERVICE CHARGES	203,000	76,364	71,040	(5,324)	-7.0%
PROPERTY TAXES	2,730,000	77,468	82,496	5,028	6.5%
FINES, FORFEITURES & PENALTIES	232,000	64,858	74,041	9,183	14.2%
OTHER REVENUES	628,927	108,615	596,112	487,497	448.8%
TOTAL OPERATING REVENUE	29,697,484	7,050,205	8,475,469	1,425,264	20.2%
EXPENSES:					
STAFFING	3,479,854	638,496	746,173	107,677	16.9%
INTERDEPARTMENTAL SERVICES	1,963,573	651,965	476,567	(175,398)	-26.9%
PURCHASED WATER	14,580,578	4,124,329	4,212,421	88,092	2.1%
MWD/CWA FIXED CHARGES	4,277,737	807,174	978,489	171,315	21.2%
OUTSIDE SERVICES/MAINTENANCE	1,238,290	109,587	119,257	9,670	8.8%
DEPRECIATION/REPLACEMENT	3,968,000	898,250	992,000	93,750	10.4%
CAPITAL OUTLAY	14,479	81,856	-	(81,856)	-100.0%
MISCELLANEOUS EXPENSES	1,842,183	114,964	224,817	109,853	95.6%
TOTAL OPERATING EXPENSES	31,364,694	7,426,621	7,749,724	323,103	4.4%
OPERATING INCOME/(LOSS)	(1,667,210)	(376,416)	725,745	1,102,161	292.8%

(*) Adjusted to reflect timing differences for water purchases and depreciation.

Revenues

- The increase in water delivery revenues is the net result of a combination of a 3% decrease in the number of water units sold and an average 15.5% increase in water rates charged to our customers (water sales and delivery charges) that went into effect in August 2009. In addition, the CMWD implemented a new tiered rate structure in August 2009 increasing water bills for high-end users.
- A decrease in new account setup fees, same day turn on fees and new account charges is reflected in the decrease in miscellaneous service charges.
- Higher fines, forfeitures and penalties are the result of an increase in late charges due to the rate increase that went into effect in August 2009.
- A reimbursement received by the Enterprise from the prior year Marbella lawsuit has led to the increase in other revenues.

Expenses

- A recent citywide reorganization moved some employees from the General Fund to the Water Enterprise. This resulted in higher staffing expenses and a reduction in interdepartmental services for the Enterprise.
- Although the amount of purchased water has decreased by 7%, a 17% rate increase from the SDCWA more than offset these savings.
- The water authorities, from which the Enterprise purchases its water, have raised their fixed charges by 21% from a year ago.
- Installation charges associated with the current meter replacement program has led to the higher outside services and maintenance expenses.
- The replacement of old meters with new automated meters is reflected in the higher miscellaneous expenses.

Wastewater Enterprise

WASTEWATER OPERATIONS FUND SEPTEMBER 30, 2010					
	BUDGET FY 2010-11	YTD (*) 09/30/2009	YTD (*) 09/30/2010	CHANGE FROM YTD 2009-10 TO YTD 2010-11	PERCENT CHANGE
REVENUES:					
CHARGES FOR CURRENT SERVICES	9,672,083	2,367,749	2,565,158	197,409	8.3%
INTEREST	51,000	(703)	(1,599)	(896)	-127.5%
OTHER REVENUES	369,113	49,907	60,404	10,497	21.0%
TOTAL OPERATING REVENUE	10,092,196	2,416,953	2,623,963	207,010	8.6%
EXPENSES:					
STAFFING	2,190,929	351,565	462,033	110,468	31.4%
INTERDEPARTMENTAL SERVICES	843,809	319,633	206,221	(113,412)	-35.5%
ENCINA PLANT SERVICES	3,107,030	753,112	776,758	23,646	3.1%
OUTSIDE SERVICES/MAINTENANCE	614,149	52,734	52,517	(217)	-0.4%
DEPRECIATION/REPLACEMENT	3,451,000	813,000	862,750	49,750	6.1%
CAPITAL OUTLAY	0	2,925	0	(2,925)	-100.0%
MISCELLANEOUS EXPENSES	552,417	100,660	146,951	46,291	46.0%
TOTAL OPERATING EXPENSES	10,759,334	2,393,629	2,507,230	113,601	4.7%
OPERATING INCOME/LOSS	(667,138)	23,324	116,733	93,409	400.5%

(*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

Revenues

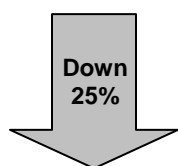
- The increase in charges for current services is primarily the result of an additional 2,058 new residential account fees over the past 12 months, as well as a 9% rate increase that went into effect in August 2009.
- Interest revenues have decreased due to the combination of a 117% decrease in the average cash balance for the year and a 24% decrease in the yield on the Treasurer's portfolio.
- The increase in other revenues is the result of engineers within the Enterprise charging their time to capital improvement projects.

Expenses

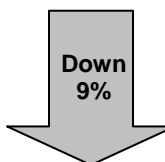
- A recent citywide reorganization moved some employees from the General Fund to the Wastewater Enterprise. This resulted in higher staffing expenses and a reduction in interdepartmental services for the Enterprise.
- Encina plant services to date are an estimate of the quarterly billing that will be received in October 2010.
- Depreciation expenses have been increasing on an annual basis as the Enterprise acquires new equipment and replaces old equipment.
- The purchase of replacement parts and the repairs and maintenance of numerous sewer lift stations has impacted miscellaneous expenses.

Redevelopment Agency

CARLSBAD REDEVELOPMENT AGENCY VILLAGE PROJECT AREA OPERATIONS, DEBT SERVICE AND CAPITAL FUNDS SEPTEMBER 30, 2010					
	BUDGET FY 2010-11	YTD 09/30/2009	YTD 09/30/2010	CHANGE FROM YTD 2009-10 TO YTD 2010-11	PERCENT CHANGE
REVENUES					
PROPERTY TAXES	2,580,000	0	0	0	0.0%
INTEREST	28,000	11,873	7,436	(4,437)	-37.4%
OTHER REVENUES	19,000	4,855	5,095	240	4.9%
TOTAL OPERATING REVENUE	2,627,000	16,728	12,531	(4,197)	-25.1%
EXPENDITURES					
STAFFING	170,559	38,469	38,442	(27)	-0.1%
INTERDEPARTMENTAL SERVICES	77,515	19,406	19,379	(27)	-0.1%
RENTALS & LEASES	55,078	50,938	25,408	(25,530)	-50.1%
DEBT EXPENSE	1,321,740	772,851	784,989	12,138	1.6%
CAPITAL OUTLAY	344,938	0	31,237	31,237	100.0%
OUTSIDE SERVICES, MAINT & MISC	190,553	133,447	26,682	(106,765)	-80.0%
TOTAL OPERATING EXPENDITURES	2,160,383	1,015,111	926,137	(88,974)	-8.8%
TOTAL OPERATING REVENUES OVER EXPENDITURES	466,617	(998,383)	(913,606)	84,777	-8.5%

Revenues

- The first installment of property tax revenues will be received in November 2010. According to the San Diego County Assessor, assessed values in the Village Project Area have increased by 0.59% in Fiscal Year 2010-11.
- Interest revenues have decreased due to the combination of a 37% decrease in the average cash balance for the year and a 24% decrease in the yield on the Treasurer's portfolio.
- An increase in building rentals has impacted other revenues for the first quarter.

Expenditures

- Parking lot and building rentals are encumbered in full at the beginning of the fiscal year. In addition, the Agency discontinued a parking lot lease during the prior fiscal year.
- The first of two bond service payments was made in September 2010.
- Expenditures related to the streetscape project are reflected in the higher capital outlay costs for the year.
- The costs associated with concrete repairs and the retrofitting of street lights to be more energy efficient, and additional signage were higher in the previous fiscal year at this time, and this reduction is reflected in the lower outside services, maintenance and miscellaneous expenditures.